
HOUSE BILL 3356

State of Washington

60th Legislature

2008 Regular Session

By Representatives Dunn, McCune, Campbell, Hankins, Sump, Ahern,
Armstrong, and Kretz

1 AN ACT Relating to property tax relief for retired persons and
2 persons retired by reason of disability; and amending RCW 84.36.379,
3 84.36.381, 84.36.383, 52.18.090, and 52.26.270.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 84.36.379 and 2005 c 248 s 1 are each amended to read
6 as follows:

7 The legislature finds that the property tax exemption authorized by
8 Article VII, section 10 of the state Constitution should be made
9 available (~~(on the basis of a retired person's ability to pay property~~
10 ~~taxes and that the best measure of a retired person's ability to pay~~
11 ~~taxes is that person's disposable income as defined in RCW 84.36.383))
12 to all individuals retired by reason of age or disability. The
13 legislature further finds that veterans with one hundred percent
14 service-connected disabilities have given so much to our country that
15 they deserve property tax relief.~~

16 **Sec. 2.** RCW 84.36.381 and 2005 c 248 s 2 are each amended to read
17 as follows:

18 A person shall be exempt from any legal obligation to pay all or a

1 portion of the amount of excess and regular real property taxes due and
2 payable in the year following the year in which a claim is filed, and
3 thereafter, in accordance with the following:

4 (1) The property taxes must have been imposed upon a residence
5 which was occupied by the person claiming the exemption as a principal
6 place of residence as of the time of filing: PROVIDED, That any person
7 who sells, transfers, or is displaced from his or her residence may
8 transfer his or her exemption status to a replacement residence, but no
9 claimant shall receive an exemption on more than one residence in any
10 year: PROVIDED FURTHER, That confinement of the person to a hospital,
11 nursing home, boarding home, or adult family home shall not disqualify
12 the claim of exemption if:

13 (a) The residence is temporarily unoccupied;

14 (b) The residence is occupied by a spouse and/or a person
15 financially dependent on the claimant for support; or

16 (c) The residence is rented for the purpose of paying nursing home,
17 hospital, boarding home, or adult family home costs;

18 (2) The person claiming the exemption must have owned, at the time
19 of filing, in fee, as a life estate, or by contract purchase, the
20 residence on which the property taxes have been imposed or if the
21 person claiming the exemption lives in a cooperative housing
22 association, corporation, or partnership, such person must own a share
23 therein representing the unit or portion of the structure in which he
24 or she resides. For purposes of this subsection, a residence owned by
25 a marital community or owned by cotenants shall be deemed to be owned
26 by each spouse or cotenant, and any lease for life shall be deemed a
27 life estate;

28 (3) The person claiming the exemption must be (a) sixty-one years
29 of age or older on December 31st of the year in which the exemption
30 claim is filed, or must have been, at the time of filing, retired from
31 regular gainful employment by reason of disability, or (b) a veteran of
32 the armed forces of the United States with one hundred percent service-
33 connected disability as provided in 42 U.S.C. Sec. 423 (d)(1)(A) as
34 amended prior to January 1, 2005. However, any surviving spouse of a
35 person who was receiving an exemption at the time of the person's death
36 shall qualify if the surviving spouse is fifty-seven years of age or
37 older and otherwise meets the requirements of this section(+

1 ~~(4) The amount that the person shall be exempt from an obligation~~
2 ~~to pay shall be calculated on the basis of combined disposable income,~~
3 ~~as defined in RCW 84.36.383. If the person claiming the exemption was~~
4 ~~retired for two months or more of the assessment year, the combined~~
5 ~~disposable income of such person shall be calculated by multiplying the~~
6 ~~average monthly combined disposable income of such person during the~~
7 ~~months such person was retired by twelve. If the income of the person~~
8 ~~claiming exemption is reduced for two or more months of the assessment~~
9 ~~year by reason of the death of the person's spouse, or when other~~
10 ~~substantial changes occur in disposable income that are likely to~~
11 ~~continue for an indefinite period of time, the combined disposable~~
12 ~~income of such person shall be calculated by multiplying the average~~
13 ~~monthly combined disposable income of such person after such~~
14 ~~occurrences by twelve. If it is necessary to estimate income to comply~~
15 ~~with this subsection, the assessor may require confirming documentation~~
16 ~~of such income prior to May 31 of the year following application;~~

17 ~~(5)(a) A person who otherwise qualifies under this section and has~~
18 ~~a combined disposable income of thirty five thousand dollars or less~~
19 ~~shall be exempt from all excess property taxes; and~~

20 ~~(b)(i) A person who otherwise qualifies under this section and has~~
21 ~~a combined disposable income of thirty thousand dollars or less but~~
22 ~~greater than twenty five thousand dollars shall be exempt from all~~
23 ~~regular property taxes on the greater of fifty thousand dollars or~~
24 ~~thirty five percent of the valuation of his or her residence, but not~~
25 ~~to exceed seventy thousand dollars of the valuation of his or her~~
26 ~~residence; or~~

27 ~~(ii) A person who otherwise qualifies under this section and has a~~
28 ~~combined disposable income of twenty five thousand dollars or less~~
29 ~~shall be exempt from all regular property taxes on the greater of sixty~~
30 ~~thousand dollars or sixty percent of the valuation of his or her~~
31 ~~residence;~~

32 ~~(6) For a person who otherwise qualifies under this section and has~~
33 ~~a combined disposable income of thirty five thousand dollars or less,~~
34 ~~the valuation of the residence shall be the assessed value of the~~
35 ~~residence on the later of January 1, 1995, or January 1st of the~~
36 ~~assessment year the person first qualifies under this section. If the~~
37 ~~person subsequently fails to qualify under this section only for one~~
38 ~~year because of high income, this same valuation shall be used upon~~

1 ~~requalification. If the person fails to qualify for more than one year~~
2 ~~in succession because of high income or fails to qualify for any other~~
3 ~~reason, the valuation upon requalification shall be the assessed value~~
4 ~~on January 1st of the assessment year in which the person requalifies.~~
5 ~~If the person transfers the exemption under this section to a different~~
6 ~~residence, the valuation of the different residence shall be the~~
7 ~~assessed value of the different residence on January 1st of the~~
8 ~~assessment year in which the person transfers the exemption.~~

9 ~~In no event may the valuation under this subsection be greater than~~
10 ~~the true and fair value of the residence on January 1st of the~~
11 ~~assessment year.~~

12 ~~This subsection does not apply to subsequent improvements to the~~
13 ~~property in the year in which the improvements are made. Subsequent~~
14 ~~improvements to the property shall be added to the value otherwise~~
15 ~~determined under this subsection at their true and fair value in the~~
16 ~~year in which they are made)).~~

17 **Sec. 3.** RCW 84.36.383 and 2006 c 62 s 1 are each amended to read
18 as follows:

19 As used in RCW 84.36.381 through 84.36.389, except where the
20 context clearly indicates a different meaning:

21 (1) The term "residence" means a single family dwelling unit
22 whether such unit be separate or part of a multiunit dwelling,
23 including the land on which such dwelling stands not to exceed one
24 acre, except that a residence includes any additional property up to a
25 total of five acres that comprises the residential parcel if this
26 larger parcel size is required under land use regulations. The term
27 shall also include a share ownership in a cooperative housing
28 association, corporation, or partnership if the person claiming
29 exemption can establish that his or her share represents the specific
30 unit or portion of such structure in which he or she resides. The term
31 shall also include a single family dwelling situated upon lands the fee
32 of which is vested in the United States or any instrumentality thereof
33 including an Indian tribe or in the state of Washington, and
34 notwithstanding the provisions of RCW 84.04.080 and 84.04.090, such a
35 residence shall be deemed real property.

36 (2) The term "real property" shall also include a mobile home which
37 has substantially lost its identity as a mobile unit by virtue of its

1 being fixed in location upon land owned or leased by the owner of the
2 mobile home and placed on a foundation (posts or blocks) with fixed
3 pipe, connections with sewer, water, or other utilities. A mobile home
4 located on land leased by the owner of the mobile home is subject, for
5 tax billing, payment, and collection purposes, only to the personal
6 property provisions of chapter 84.56 RCW and RCW 84.60.040.

7 (3) "Department" means the state department of revenue.

8 (4) (~~"Combined disposable income" means the disposable income of~~
9 ~~the person claiming the exemption, plus the disposable income of his or~~
10 ~~her spouse, and the disposable income of each cotenant occupying the~~
11 ~~residence for the assessment year, less amounts paid by the person~~
12 ~~claiming the exemption or his or her spouse during the assessment year~~
13 ~~for:~~

14 ~~(a) Drugs supplied by prescription of a medical practitioner~~
15 ~~authorized by the laws of this state or another jurisdiction to issue~~
16 ~~prescriptions;~~

17 ~~(b) The treatment or care of either person received in the home or~~
18 ~~in a nursing home, boarding home, or adult family home; and~~

19 ~~(c) Health care insurance premiums for medicare under Title XVIII~~
20 ~~of the social security act.~~

21 (5) ~~"Disposable income" means adjusted gross income as defined in~~
22 ~~the federal internal revenue code, as amended prior to January 1, 1989,~~
23 ~~or such subsequent date as the director may provide by rule consistent~~
24 ~~with the purpose of this section, plus all of the following items to~~
25 ~~the extent they are not included in or have been deducted from adjusted~~
26 ~~gross income:~~

27 ~~(a) Capital gains, other than gain excluded from income under~~
28 ~~section 121 of the federal internal revenue code to the extent it is~~
29 ~~reinvested in a new principal residence;~~

30 ~~(b) Amounts deducted for loss;~~

31 ~~(c) Amounts deducted for depreciation;~~

32 ~~(d) Pension and annuity receipts;~~

33 ~~(e) Military pay and benefits other than attendant care and~~
34 ~~medical aid payments;~~

35 ~~(f) Veterans benefits other than attendant care and medical aid~~
36 ~~payments;~~

37 ~~(g) Federal social security act and railroad retirement benefits;~~

38 ~~(h) Dividend receipts; and~~

1 ~~(i) Interest received on state and municipal bonds.~~

2 ~~(6))~~ "Cotenant" means a person who resides with the person
3 claiming the exemption and who has an ownership interest in the
4 residence.

5 ~~((7))~~ (5) "Disability" has the same meaning as provided in 42
6 U.S.C. Sec. 423(d)(1)(A) as amended prior to January 1, 2004, or such
7 subsequent date as the director may provide by rule consistent with the
8 purpose of this section.

9 **Sec. 4.** RCW 52.18.090 and 1990 c 294 s 10 are each amended to read
10 as follows:

11 A person who is receiving the exemption contained in RCW 84.36.381
12 through 84.36.389 shall be exempt from any legal obligation to pay ~~((a~~
13 ~~portion))~~ seventy-five percent of the charge imposed by this chapter
14 ~~((according to the following.~~

15 ~~(1) A person who meets the income limitation contained in RCW~~
16 ~~84.36.381(5)(a) and does not meet the income limitation contained in~~
17 ~~RCW 84.36.381(5)(b) (i) or (ii) shall be exempt from twenty five~~
18 ~~percent of the charge.~~

19 ~~(2) A person who meets the income limitation contained in RCW~~
20 ~~84.36.381(5)(b)(i) shall be exempt from fifty percent of the charge.~~

21 ~~(3) A person who meets the income limitation contained in RCW~~
22 ~~84.36.381(5)(b)(ii) shall be exempt from seventy five percent of the~~
23 ~~charge)).~~

24 **Sec. 5.** RCW 52.26.270 and 2004 c 129 s 33 are each amended to read
25 as follows:

26 A person who is receiving the exemption contained in RCW 84.36.381
27 through 84.36.389 is exempt from any legal obligation to pay ~~((a~~
28 ~~portion))~~ seventy-five percent of the benefit charge imposed under this
29 chapter ~~((as follows:~~

30 ~~(1) A person who meets the income limitation contained in RCW~~
31 ~~84.36.381(5)(a) and does not meet the income limitation contained in~~
32 ~~RCW 84.36.381(5)(b) (i) or (ii) is exempt from twenty five percent of~~
33 ~~the charge;~~

34 ~~(2) A person who meets the income limitation contained in RCW~~
35 ~~84.36.381(5)(b)(i) is exempt from fifty percent of the charge; and~~

1 ~~(3) A person who meets the income limitation contained in RCW~~
2 ~~84.36.381(5)(b)(ii) shall be exempt from seventy five percent of the~~
3 ~~charge)).~~

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